

Message Text

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17

ORIGIN NEA-06

INFO OCT-01 ISO-00 EB-03 COME-00 FEA-01 CIAE-00 INR-10

NSAE-00 RSC-01 L-02 /024 R

DRAFTED BY NEA/ARN:MHMAUGHAN:DAV

APPROVED BY NEA/ARN:DAKORN

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R 072145Z OCT 74

FM SECSTATE WASHDC

TO AMEMBASSY BEIRUT

C O N F I D E N T I A L STATE 220913

E.O. 11652:GDS

TAGS: PFOR, BEXP, IZ, US

SUBJECT: CONVERSATION WITH BROWN AND ROOT

REFERENCE:BAGHDAD 642

BEIRUT PASS BAGHDAD

1. ARN HAS SPOKEN WITH JERRY HASH, B&R PROJECT MANAGER FOR TERMINAL OPERATIONS INDICATES THAT ESTIMATES ARE FOR APPROX. 30-DAY DELAY IN COMPLETION FIRST PHASE OF PROJECT DUE APRIL 21, 1975, BUT COMPLETION APPROX. 30-45 DAYS AHEAD OF SCHEDULE FOR FINAL PHASE DUE NOV. 21, 1975. ANTICIPATED DELAY FIRST PHASE ATTRIBUTED TO DIFFICULTY IN OBTAINING NECESSARY MATERIAL. ONCE MATERIAL IS ON SITE, ASSEMBLY CAN BE RAPID AND EARLY COMPLETION OF PROJECT IS EXPECTED.

2. B&R EXTREMELY UNHAPPY OVER NUMEROUS ASPECTS OF IRAQI HANDLING OF PROJECT AND CONTRACTUAL AGREEMENT. B&R COMPLAINTS INCLUDE ALLEGED IRAQI TOTAL INFLEXIBILITY IN MATTERS OF UNAVOIDABLE COST INCREASES, ESPECIALLY FOR SCARCE PARTS; IRAQI REFUSAL TO CONSIDER B&R REQUESTS FOR SUBSTITUTION OF AVAILABLE AND SOMETIMES SUPERIOR PARTS FOR NOW UNAVAILABLE ITEMS; AND QUOTE UNREASONABLE UNQUOTE GOI INTERPRETATIONS OF QUALITY STANDARDS FOR MATERIAL USED IN
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PROJECT. B&R SAYS GOI REFUSING TO MAKE ALLOWANCES FOR SUCH

CHANGED CONDITIONS AS RISING FUEL OIL AND PARTS PRICES, AND
FOR PARTS SCARCITY AND RESULTING DELAYS IN DELIVERIES IN
US.

3. B&R ACKNOWLEDGES PART OF IRAQI POSITION DOUBTLESS
ATTRIBUTABLE TO INEXPERIENCE, NEED TO SAVE FACE, AND DETER-
MINATION TO AVOID REPETITION OF ANY SITUATION SIMILAR TO
NOTORIOUS CZECH DELAY IN COMPLETING WORK ON CONTRACTED
OIL REFINERY. THIS UNDERSTANDING ON PART OF B&R, HOWEVER,
PROVIDES NO RELIEF TO CONTRACTUAL DIFFICULTIES, AND B&R
CLAIMS IT WILL BE LUCKY TO FINISH PROJECT WITHOUT LOSING
MONEY.

4. FURTHER DETAILS TO FOLLOW BY LETTER. KISSINGER

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NNN

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